

Proportion of Non-Participating Providers Serving Apple Health Enrollees

Annual Report: July 1, 2015 - June 30, 2016

Engrossed Substitute Senate Bill 5927; Chapter 9, Laws of 2011, 1st Special Session; RCW 74.09.522(9)

January 1, 2017



Proportion of Non-Participating Providers Serving Apple Health Enrollees

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Executive Summary

This report is submitted by the Washington State Health Care Authority (HCA) to the Legislature as required by Engrossed Substitute Senate Bill 5927 (ESSB 5927), enacted as Chapter 9, Laws of 2011, 1st special session. HCA is required to submit an annual report to the Legislature on the proportion of services provided by non-participating providers to Apple Health / Medicaid enrollees. Non-participating providers are persons acting within their scope of practice that do not have a written contract to participate in a Medicaid managed health care system's provider network, but provide health care services to enrollees whose health care services are provided by a Medicaid managed health care system.

Pursuant to federal managed care access standards, 42 C.F.R. Sec. 438, the managed care health care systems—or Managed Care Organizations (MCOs)—must maintain a network of appropriate providers that is supported by written agreements sufficient to provide adequate access to all services covered under the contract with the authority, including hospital-based physician services. The authority will monitor and periodically report on the proportion of services provided by contracted providers and non-participating providers, by county, for each MCO to ensure that MCOs are meeting network adequacy requirements. No later than January 1st of each year, HCA will review and report its findings to the appropriate policy and fiscal committees of the legislature for the preceding state fiscal year.

All Apple Health MCOs are responsible for contracting with a sufficient number of providers in all areas of health care delivery to meet the health care needs of their enrollees. However, some care is purchased from non-participating providers. The Apple Health contract requires the plans to reimburse non-participating providers no more than the lowest amount paid for that service under the plan's contracts with similar providers in the state. The data in this report relates to the \$178 million paid to non-participating providers from July 1, 2015 through June 30, 2016.

Effective April 1, 2016, two new managed care programs were implemented: Apple Health Foster Care (AHFC) and Fully Integrated Managed Care (FIMC), which includes the full Behavioral Health Benefit. Therefore, only three months of data is available for this reporting period for these two programs.



Background

In July of 2012, HCA began increasing the number of individuals enrolled in Medicaid managed care by expanding the enrollment criteria from children, mothers and pregnant women to include members of the disabled and blind SSI eligibility group (adults and children) and other new client populations. In CY2013, 800,000 individuals received Medicaid services through an MCO. With the implementation of Medicaid expansion, by the end of December 2014, over 1.3 million individuals were receiving services in managed care. Since Calendar Year 2013, HCA has contracted with five MCOs: Amerigroup Washington INC, (AMG); Community Health Plan of Washington (CHPW), Coordinated Care Corporation of Washington (CCW); Molina Healthcare of Washington (MHC); and United Healthcare Community Plan (UHC).

This report shows the cost and utilization of services provided between July 1, 2015 through June 30, 2016 to Apple Health enrollees by non-participating providers. The data is reported by county, by MCO and by contract. To meet the reporting requirements, HCA directed each contracted MCO to provide the following data for the fiscal year under review:

1. The total cost of overall services (claims paid) per county, paid by the MCO to all providers for services provided to enrollees served under the Contract.
2. The percent of overall cost of services (claims paid) per county, paid by the MCO to non-participating providers, including hospital-based physician services, provided to enrollees served under the Contract.
3. The number of overall claims paid by the MCO per county and number of claims paid to non-participating providers.
4. The number of overall clients with paid claims by the MCO and the number of clients for which claims were paid to a non-participating provider.



Key Findings

HCA analyzes the cost and utilization data to look for trends that could potentially indicate a change in network adequacy that could affect enrollee access. Here are some highlights of our analysis:

Amerigroup (AMG) paid \$35 million to non-participating providers in fiscal year 2016, an increase of \$14 million from the previous fiscal year. AMG saw a minimal increase in enrollees except in Klickitat County which also showed the biggest increase in payments to non-participating providers. 29% of the claims paid were paid to non-participating providers for services provided to 36% of clients enrolled with AMG.

Coordinated Care of Washington (CCW) paid approximately \$27 million in fiscal year 2016 to non-participating providers, a decrease of \$5 million from the previous fiscal year. CCW saw a minimal increase in enrollees and decreases in some areas. 32% of the claims paid were paid to non-participating providers for services provided to 30% of the clients enrolled with CCW.

Community Health Plan of Washington (CHPW) paid approximately \$24 million in fiscal year 2016 to non-participating providers, an increase of \$10 million from the previous fiscal year. CHPW saw very little increase in enrollment in King County but a 32% increase in Pierce County. 25% of the claims paid were paid to non-participating providers for services provided to 25% of the clients enrolled with CHPW. However, the greatest increase in the amount of expenditures paid to non-participating providers occurred in Clallam County and the greatest increase in the number of clients seeking services outside of provider network occurred in Kitsap County.

Molina Healthcare of Washington (MHC) paid approximately \$46 million in fiscal year 2016 to non-participating providers, an increase of \$15 million from the previous fiscal year. There was an increase in enrollment in King County (14%), Cowlitz County (36%) and Pierce County (12%). 20% of the claims paid were paid to non-participating providers for services provided to 19% of clients enrolled with MHC. The greatest proportion of this population resides in Jefferson County.

United Healthcare (UHC) paid approximately \$46 million in fiscal year 2016 to non-participating providers, an increase of \$15 million from the previous fiscal year. UHC saw an increase in enrollment in King County (14%), Cowlitz County (36%) and Pierce County (12%). 20% of the claims paid were paid to non-participating providers for services provided to 27% of clients enrolled with UHC.

All plans: Klickitat and Skamania Counties continue to have the highest percentage of non-participating providers paid for services provided to clients enrolled with an Apple Health MCO. This is due to the provider shortage in both areas resulting in purchasing care from providers outside of the area who are not in the MCO's provider network.

Foster care and Fully Integrated Managed Care plans: There is insufficient data to support an analysis and reach any conclusions.

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Apple Health Managed Care (AHMC)

Fiscal Year 2016 Findings

Amerigroup

AMG paid claims for services provided to a total of 160,291 enrolled clients. 58,179 AMG clients (36% of the total) received services from non-participating providers.

A total of 86,171 providers were paid for services provided to a client enrolled with AMG. 25,096 providers (29% of the total) were non-participating providers.

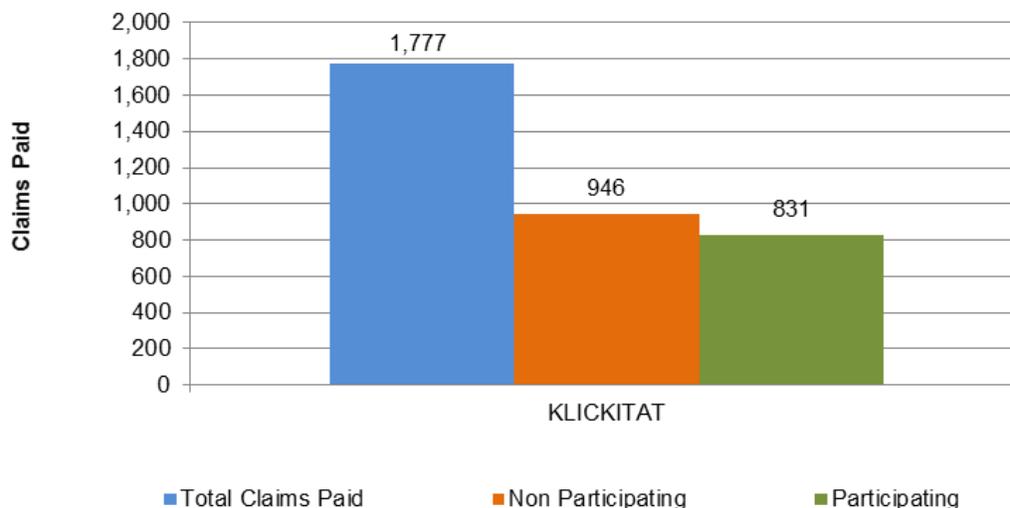
AMG paid a total of \$483,165,353 for services provided to enrolled clients. Approximately \$35 million (7% of the total) was paid to non-participating providers, an increase of \$14 million compared to the previous year.

There were increases in payments to non-participating providers in:

- Pierce County of \$3 million; however, enrollment decreased by 2%;
- Spokane County of \$2 million and an increase in enrollment of 14%;
- King County of \$2 million and an increase in enrollment of 1%; and
- Klickitat County of \$1 million and an increase in enrollment of 68%.

There were decreases in payments to non-participating providers in the following counties: Whatcom County (\$600,000 decrease); Clark County (\$500,000); Cowlitz County (\$82,000); and Clallam County (\$63,000).

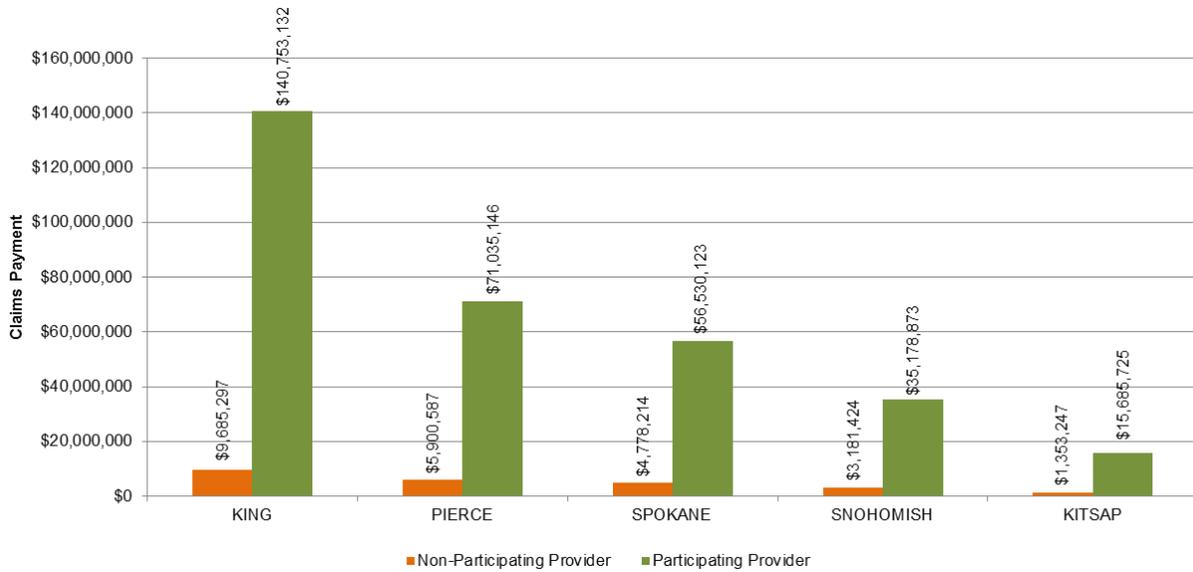
**Chart 1: County with More than 50 % of Claims Paid to Non-participating Providers
Amerigroup – Apple Health**



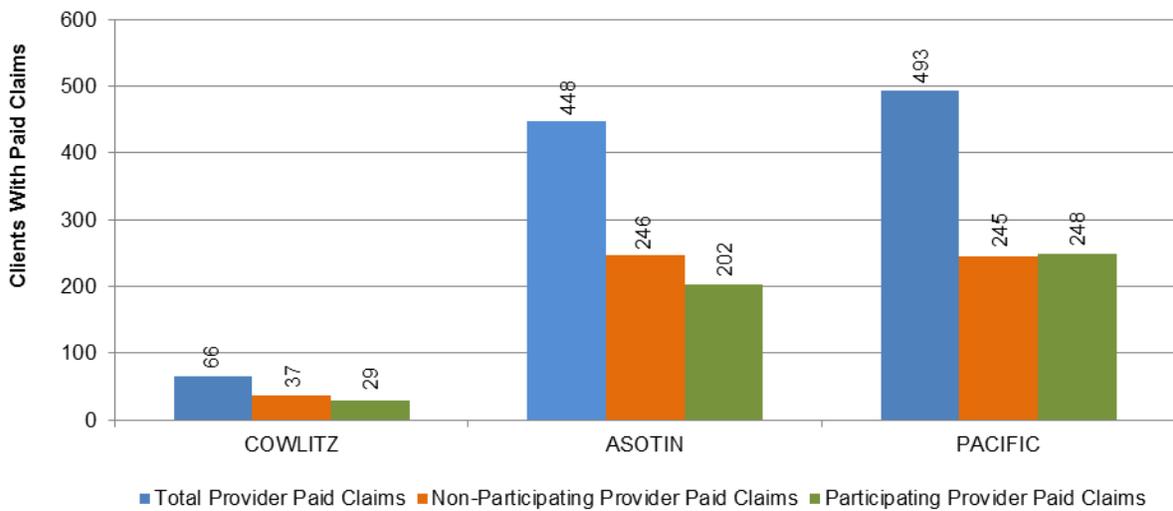
Proportion of Non-Participating Providers Serving Apple Health Enrollees
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**Chart 2: Non-participating Provider Payments
AMG Top 5 Counties**



**Chart 3: Counties with 50% or More Clients with Paid Claims to Non-participating Providers
AMG**



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Coordinated Care of Washington

CCW paid claims for services provided to a total of 258,774 enrolled clients. 78,668 CCW clients (30% of the total) received services from non-participating providers.

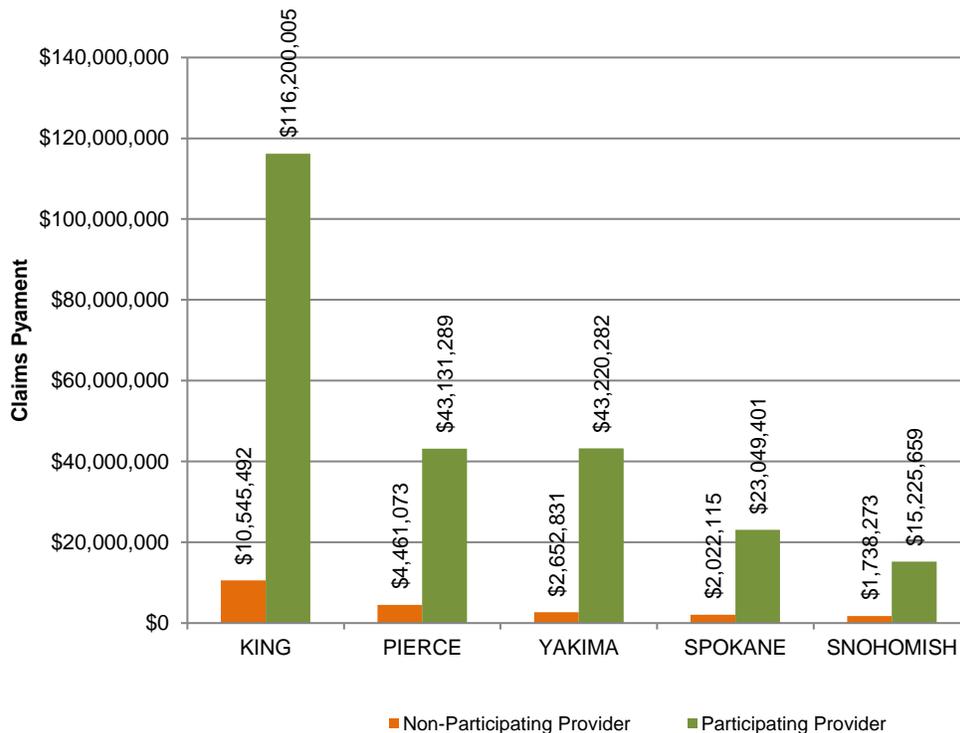
A total of 23,352 providers were paid for services provided to a client enrolled with CCW. 7,445 providers (32% of the total) were non-participating providers.

CCW paid a total of \$339,588,841 for services provided to enrolled clients. Approximately \$27 million (8% of the total) was paid to non-participating providers, a decrease of \$5 million compared to the previous year.

There were increases in payments to non-participating providers in Pierce County of \$547,000 and an 8% decrease in enrollment in in the county. There were also small increases of \$10,000 to \$42,000 in four other counties.

There were decreases in payments to non-participating providers in Yakima County and King County of approximately \$1 million in each county. There was also a 7% increase in enrollment in both counties.

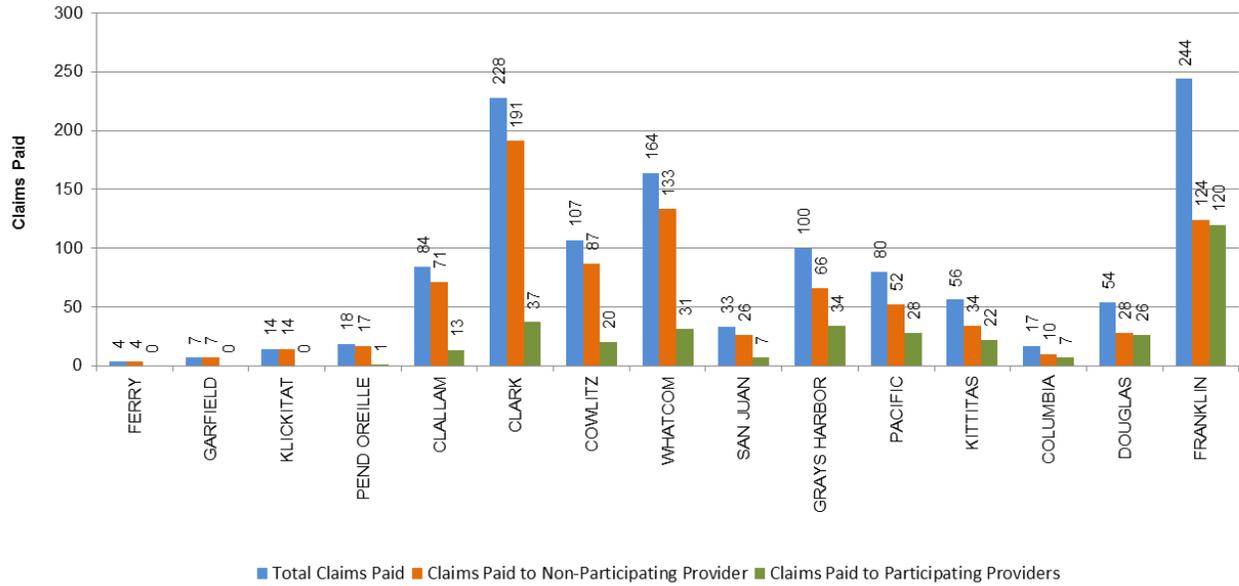
**Chart 4: Non-participating Provider Payments
CCW Top 5 Counties**



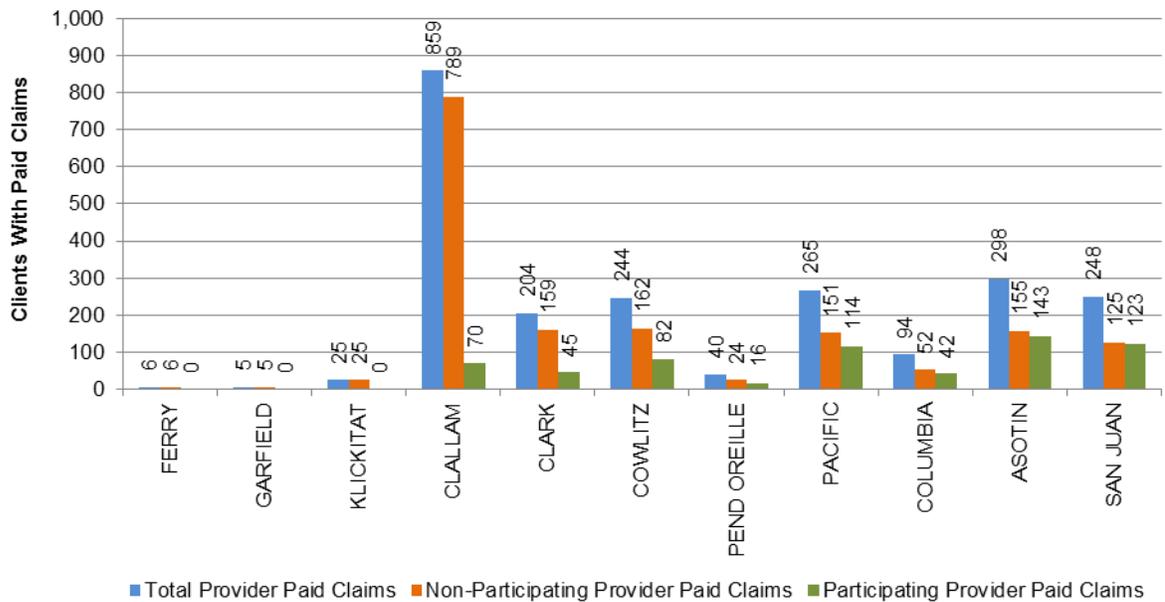
Proportion of Non-Participating Providers Serving Apple Health Enrollees
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**Chart 5: Counties with More Than 50% of Claims Paid to Non-participating Providers
CCW – Apple Health**



**Chart 6: Counties with 50% or More Clients with Paid Claims to Non-participating Providers
CCW**



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Community Health Plan of Washington

CHPW paid claims for services provided to a total of 439,319 enrolled clients. 108,595 CHPW clients (25% of the total) received services from non-participating providers.

A total of 69,270 providers were paid for services provided to a client enrolled with CHPW. 17,211 providers (25% of the total) were non-participating providers.

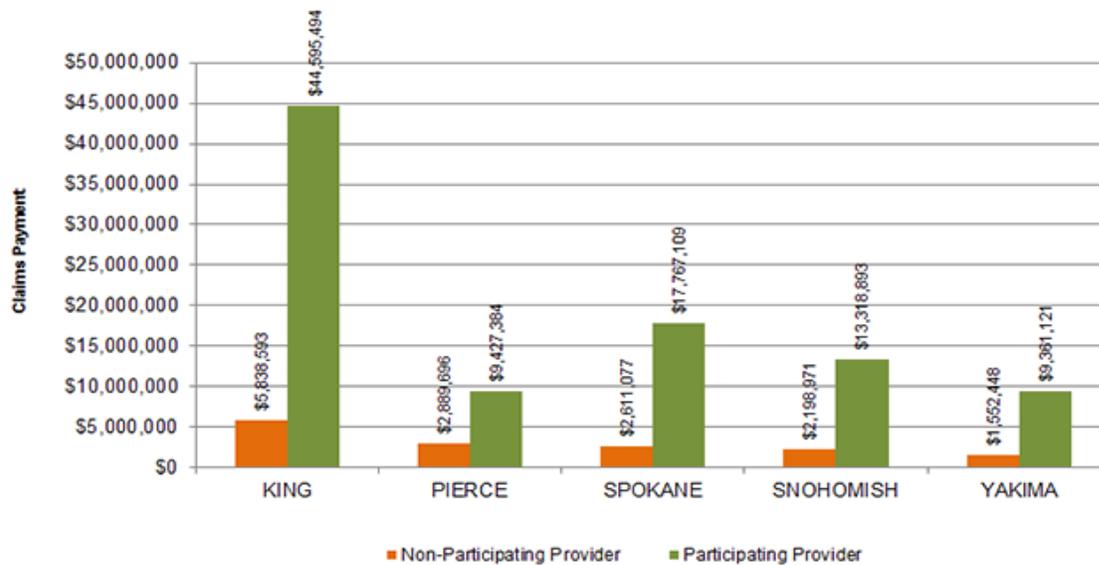
CHPW paid a total of \$187,483,471 for services provided to enrolled clients. Approximately \$24 million (13% of the total) was paid to non-participating providers, an increase of \$10 million compared to the previous year.

There were increases in payments to non-participating providers in:

- King County of \$2.7 million and an increase in enrollment of 1%;
- Pierce County of \$1 million and an increase in enrollment of 32%;
- Snohomish County of \$1 million and an increase in enrollment of 5%; and
- Spokane County of \$1 million and a decrease in enrollment of 3%.

There were small decreases in non-participating provider payments in Franklin, Adams and Lincoln Counties.

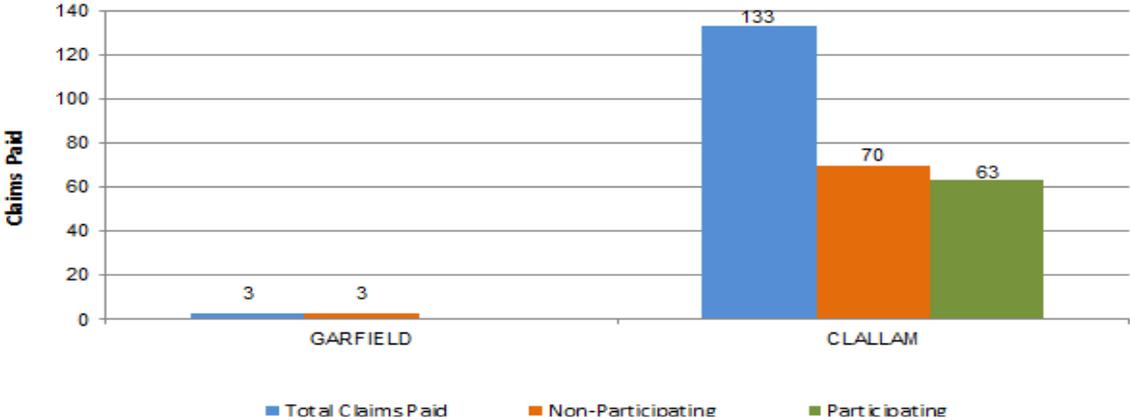
**Chart 7: Non-participating Provider Payments
CHPW Top 5 Counties**



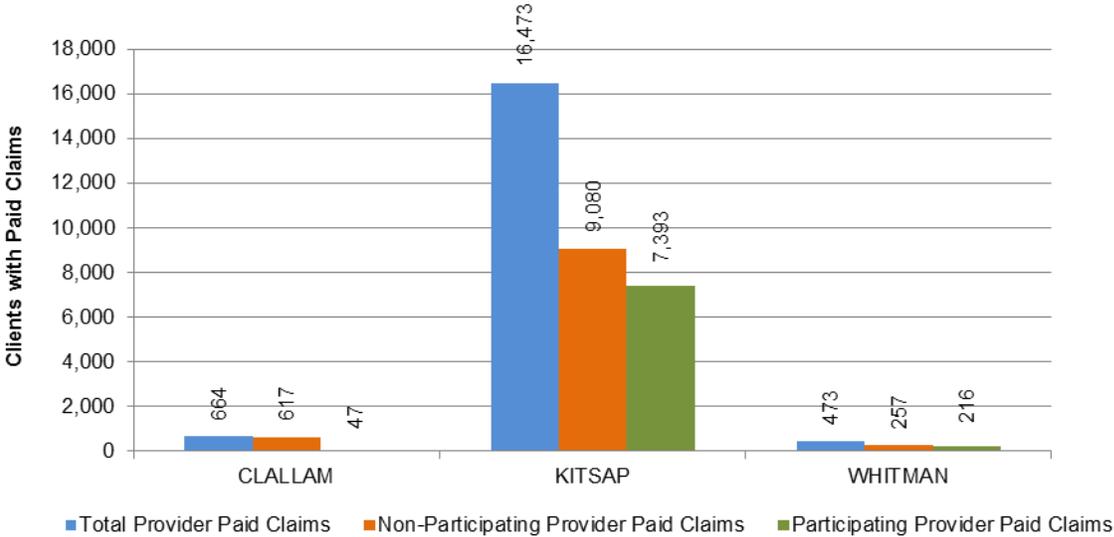
Proportion of Non-Participating Providers Serving Apple Health Enrollees
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**Chart 8: Counties with More Than 50% of Claims Paid to Non-participating Providers
CHPW – Apple Health**



**Chart 9: Counties with 50% or More Clients with Paid Claims to Non-participating Providers
CHPW**



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Molina Healthcare of Washington, Inc.

MHC paid claims for services provided to a total of 929,396 enrolled clients. 173,743 MHC clients (19% of the total) received services from non-participating providers.

A total of 27,551 providers were paid for services provided to a client enrolled with MHC. 5,447 providers (20% of the total) were non-participating providers.

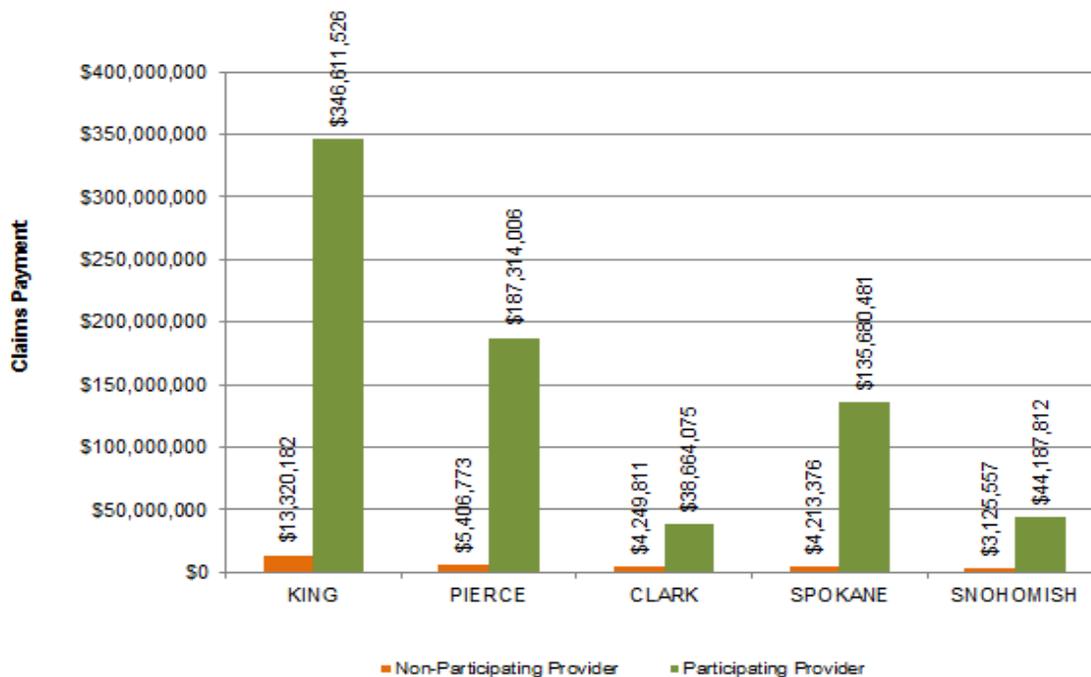
MHC paid a total of \$1,089,043,148 for services provided to enrolled clients. Approximately \$46 million (4% of the total) was paid to non-participating providers, an increase of \$15 million compared to the previous year.

There were increases in payments to non-participating providers in:

- King County of \$5.7 million and an increase in enrollment of 14%;
- Cowlitz County of \$2.5 million and an increase in enrollment of 36%; and
- Pierce County of \$1.4 million and an increase in enrollment of 12%.

There were some small decreases in payments to non-participating providers in Yakima, Grant, Klickitat, Walla Walla and Okanogan Counties.

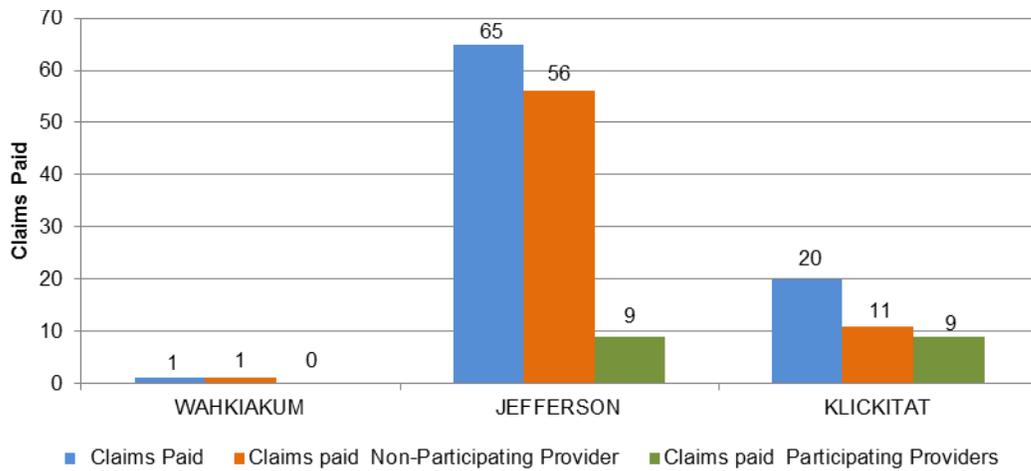
**Chart 10: Non-participating Provider Payments
MHC - AHMC Top 5 Counties**



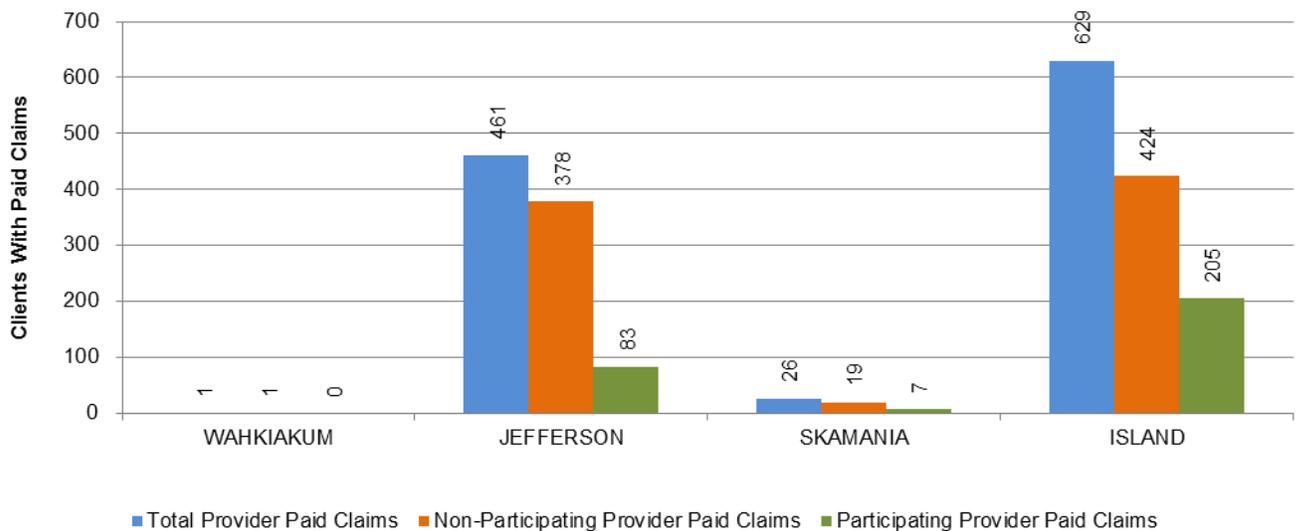
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**Chart 11: Counties with More Than 50% of Claims Paid to Non-participating Providers
Molina – Apple Health**



**Chart 12: Counties with 50% or More Clients with Paid Claims to Non-participating Providers
Molina**



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United Healthcare

UHC paid claims for services provided to a total of 270,397 enrolled clients. 71,894 UHC clients (27% of the total) received services from non-participating providers.

A total of 25,826 providers were paid for services provided to a client enrolled with UHC. 5,207 providers (20% of the total) were non-participating providers.

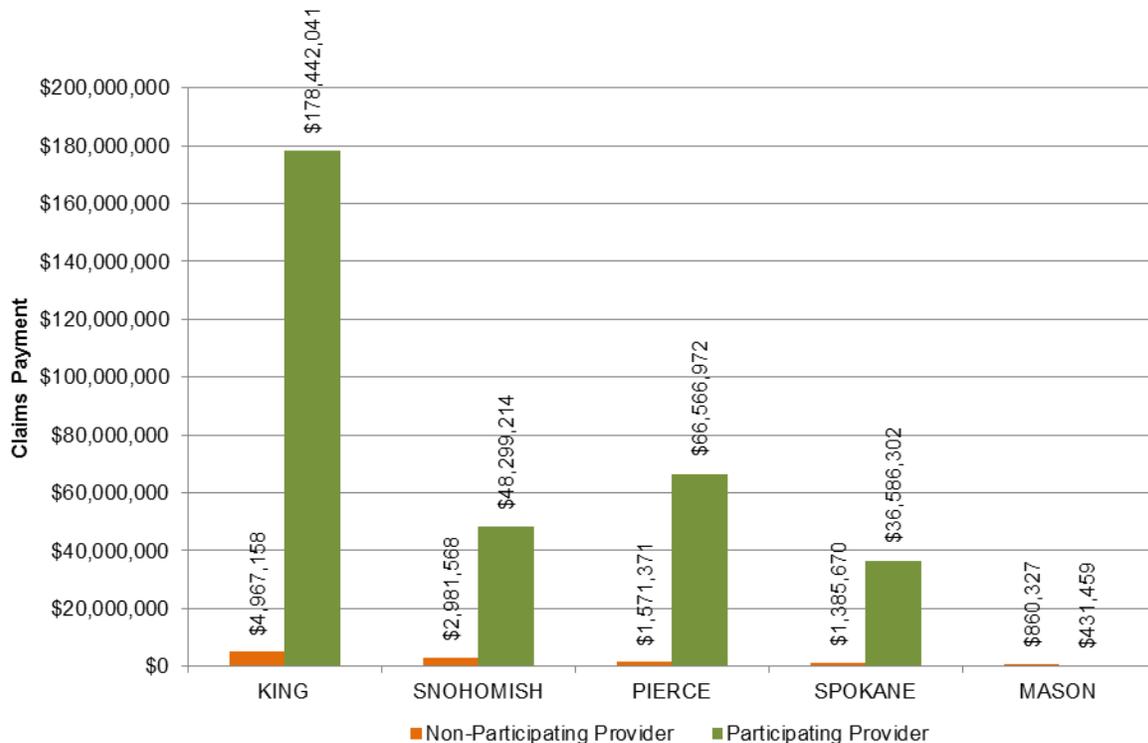
UHC paid a total of \$425,183,994 for services provided to enrolled clients. Approximately \$18 million (4% of the total) was paid to non-participating providers, a decrease of \$2 million compared to the previous year.

There were increases in payments to non-participating providers in:

- King County of \$550,000 and an increase in enrollment of 8%;
- Thurston County of \$185,000 and an increase in enrollment of 21%;
- Snohomish County of \$100,000 and an increase in enrollment of 15%;
- Island County of \$100,000 and an increase in enrollment of 100%; and
- Benton County of \$100,000 and an increase in enrollment of 17%.

There were decreases in payments to non-participating providers in Kitsap County of approximately \$3 million and decreases of approximately \$200 thousand in each of the following counties: Cowlitz County, Grays Harbor County and Spokane County.

**Chart 13: Non-participating Provider Payments
UHC Top 5 Counties**



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Chart 14: Counties with More Than 50% of Claims Paid to Non-participating Providers UHC – Apple Health

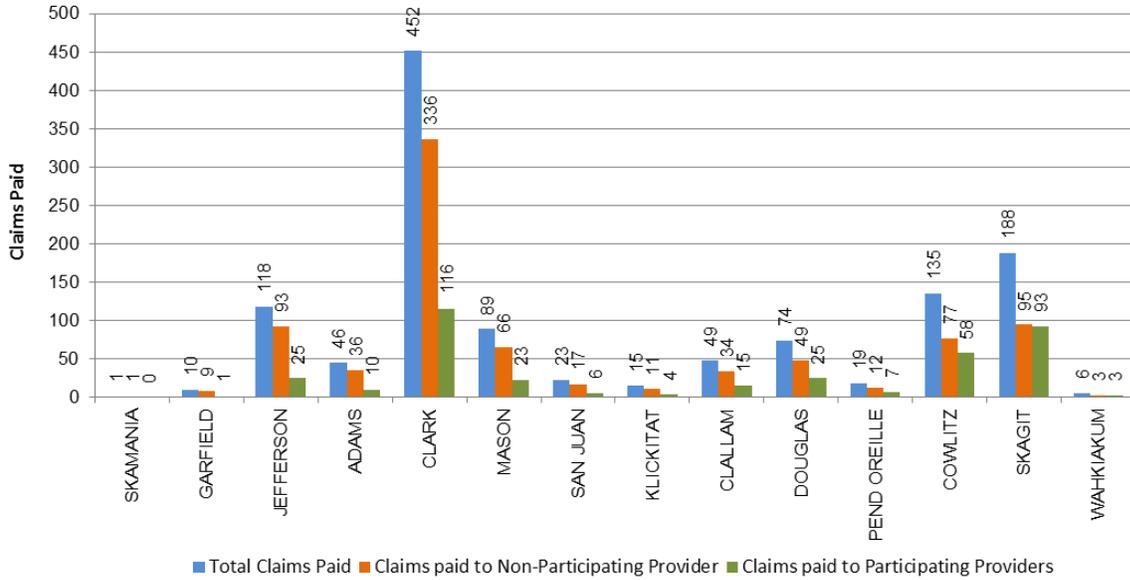
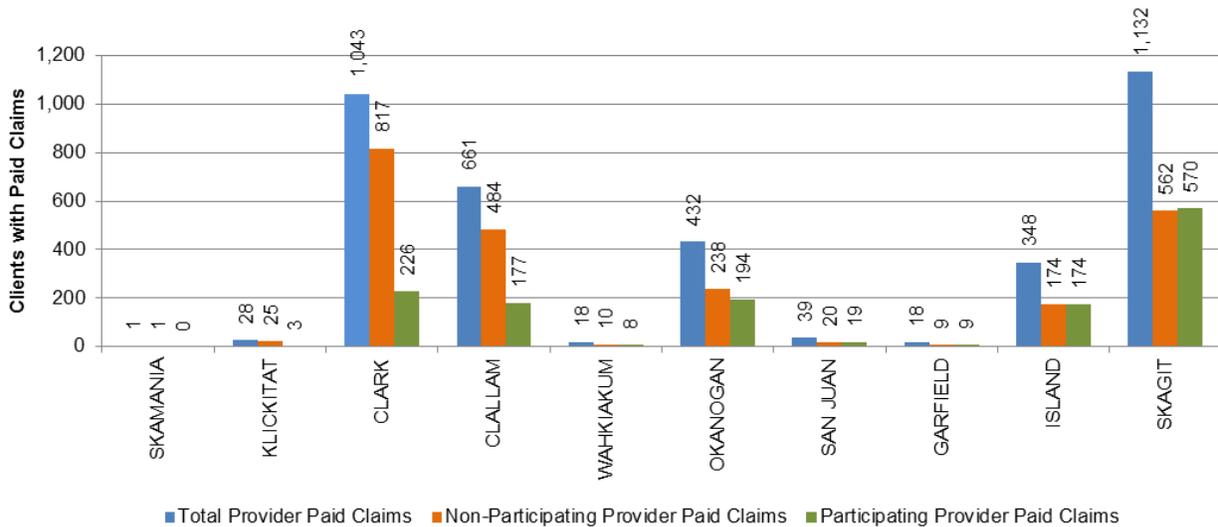


Chart 15: Counties with 50% or More Clients with Paid Claims to Non-participating Providers UHC



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Overall Non-Participating Provider Payment Analysis

Chart 16: Total Non-participating Provider Payments by County (All Health Plans)

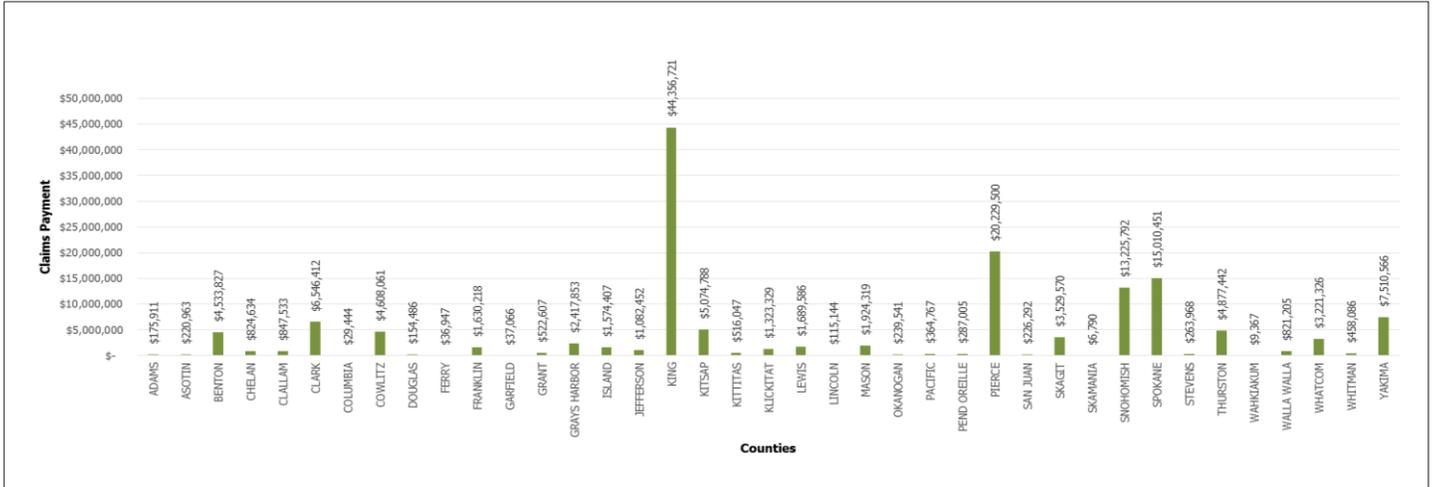
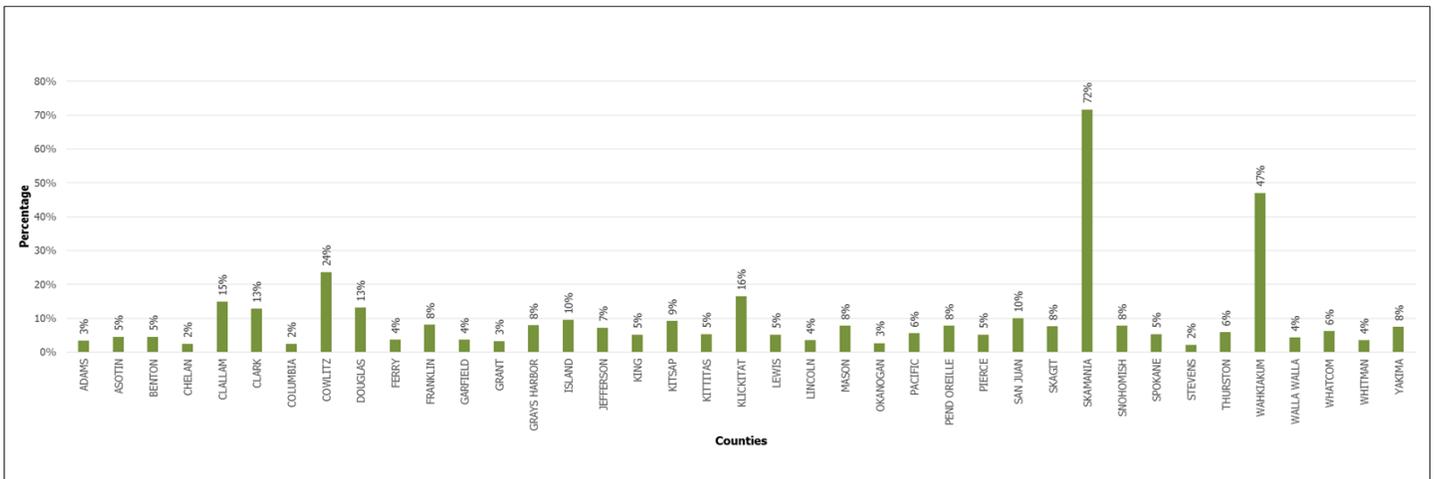


Chart 17: Percentage of Overall Payment to Non-participating Providers, by County (All Health Plans)



Proportion of Non-Participating Providers Serving Apple Health Enrollees
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Foster Care (AHMC) Fiscal Year 2016 Findings

Coordinated Care of Washington

Beginning April 1, 2016 a new program called Apple Health Foster Care was implemented with CCW as the single statewide MCO. Below are the charts and analysis thus far (only a few months of data is available for this reporting period).

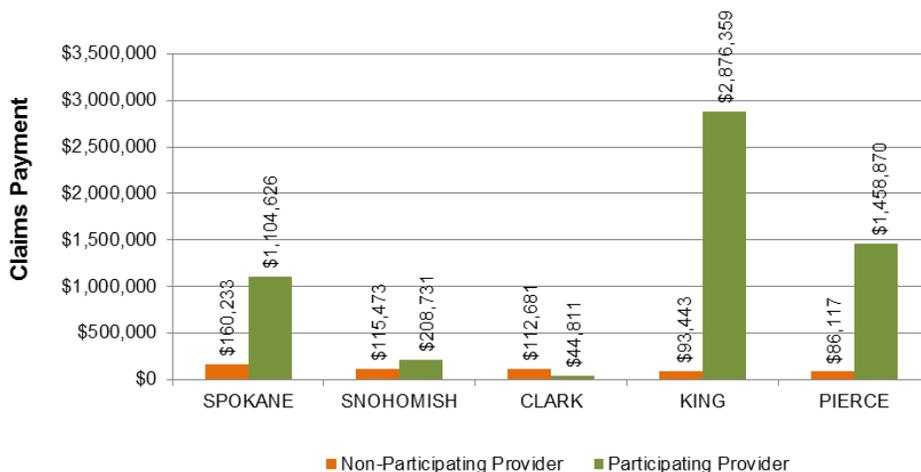
The contract required CCW to make a good faith effort to subcontract with the established non-participating provider, however, to ensure a smooth transition, CCW was required to pay non-contract providers which contributed to the increase in non-participating provider payments.

Thus far, CCW has paid claims for services provided to a total of 14,090 enrolled clients. 4,924 clients (35% of the total) received care from non-participating providers.

A total of 6,747 providers were paid for services provided to a client enrolled with CCW. 2,375 providers (35% of the total) were non-participating providers.

CCW paid approximately \$8 million for services provided to enrolled clients. Approximately \$900,000 (11% of the total) was paid to non-participating providers.

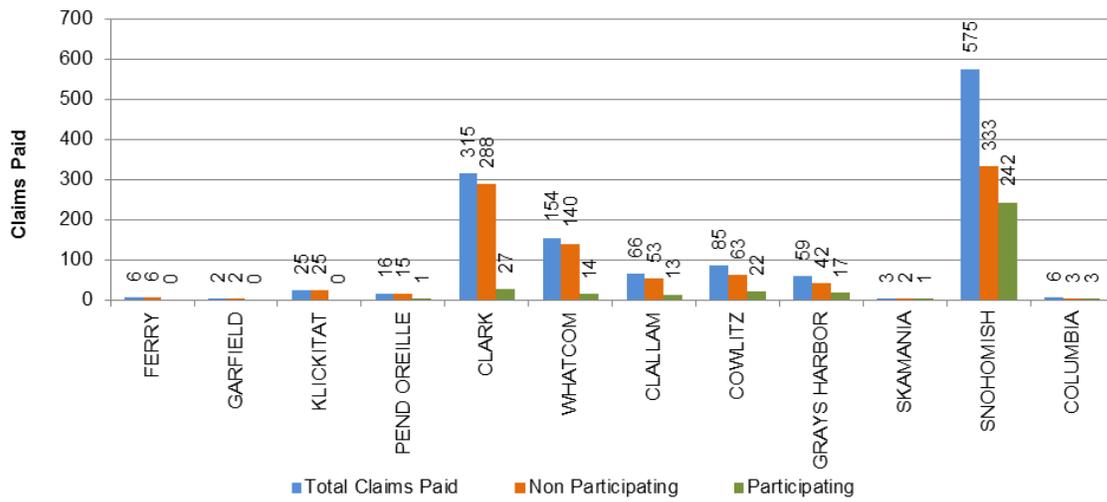
**Chart 18: Non-participating Provider Payments
CCW – Foster Care Top 5 Counties**



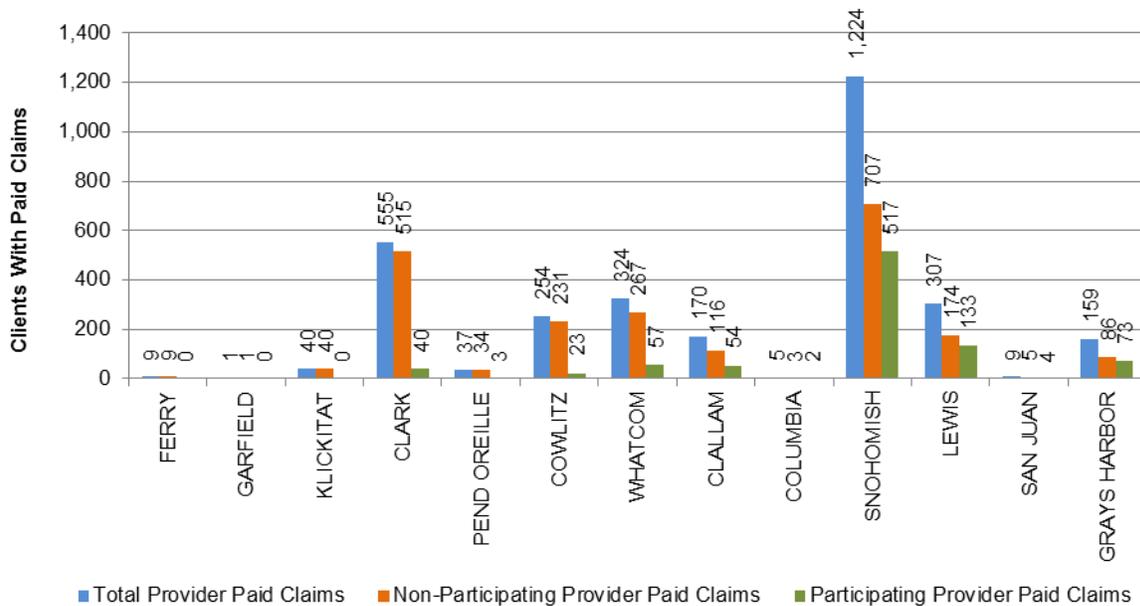
Proportion of Non-Participating Providers Serving Apple Health Enrollees
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**Chart 19: Counties with More Than 50% of Claims Paid to Non-participating Providers
CCW – Foster Care**



**Chart 20: Counties with 50% or More Clients with Paid Claims to Non-participating Providers
CCW – Foster Care**



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Fully Integrated Managed Care (AHMC)

Fiscal Year 2016 Findings

Beginning April 1, 2016 HCA implemented Fully Integrated Managed Care, with all physical and behavior health services provided through managed care, in Skamania and Clark Counties. The contract was awarded to two plans, Community Health Plan of Washington and Molina Healthcare of Washington. The charts on the following pages provide information about payments to non-participating providers for the three months following implementation.

When establishing a new program, a spike in numbers is expected; however, overall, the use of non-participating providers was a small percentage.

There was also a small amount of claims paid outside of the established counties, most likely for clients that were students or were visiting the area and needed medical care.

Community Health Plan of Washington

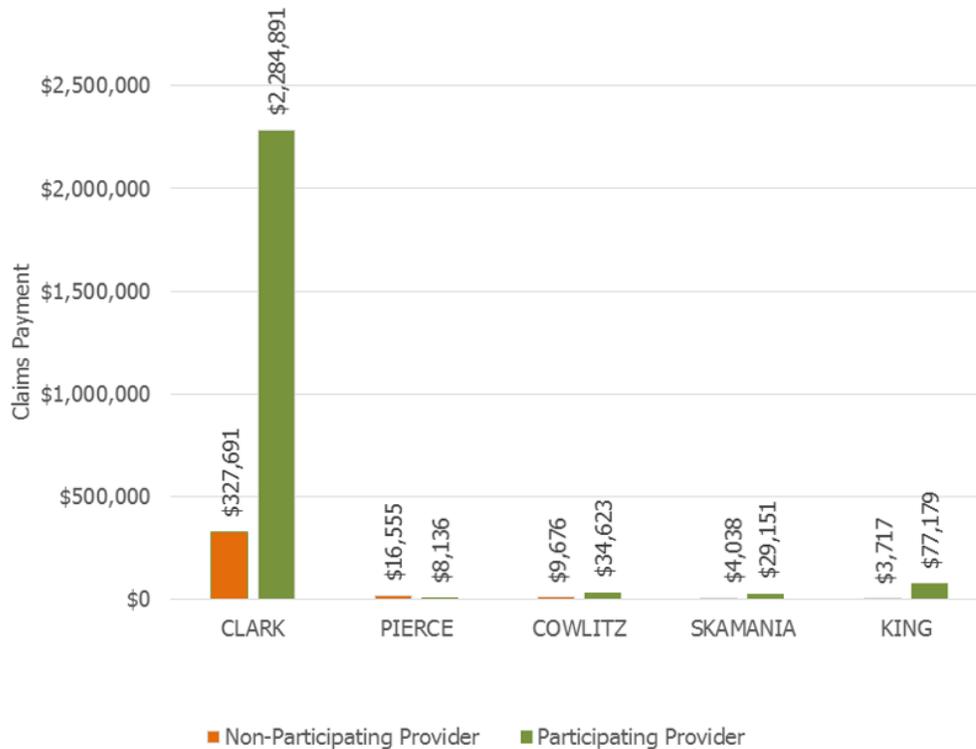
Thus far, CHPW has paid claims for services provided to a total of 9,424 enrolled clients. 2,502 clients (27% of the total) received services from non-participating providers.

A total of 2,970 providers were paid for services provided to a client enrolled with CHPW. 926 providers (25% of the total) were non-participating providers.

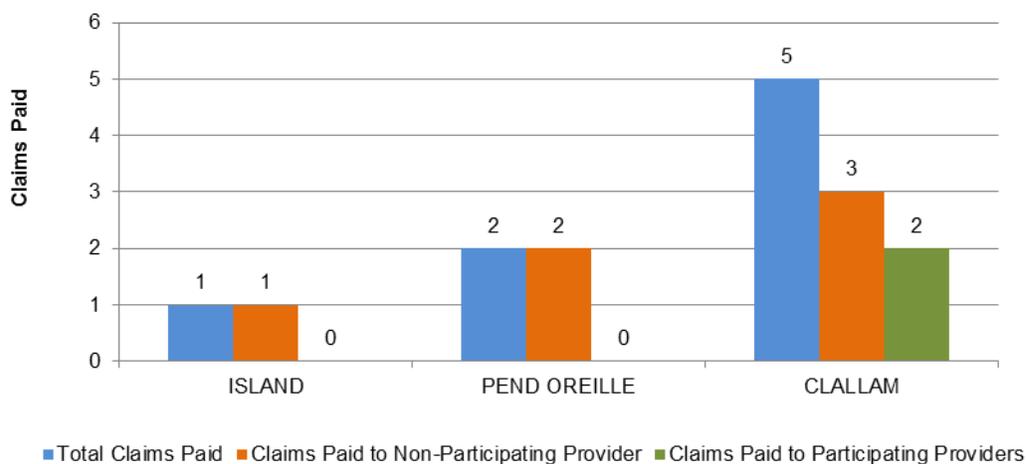
CHPW paid approximately \$3 million for services to enrolled clients. \$370,000 (13% of the total) was paid to non-participating providers.



**Chart 21: Non-participating Provider Payments
CHPW – FIMC Top 5 Counties**



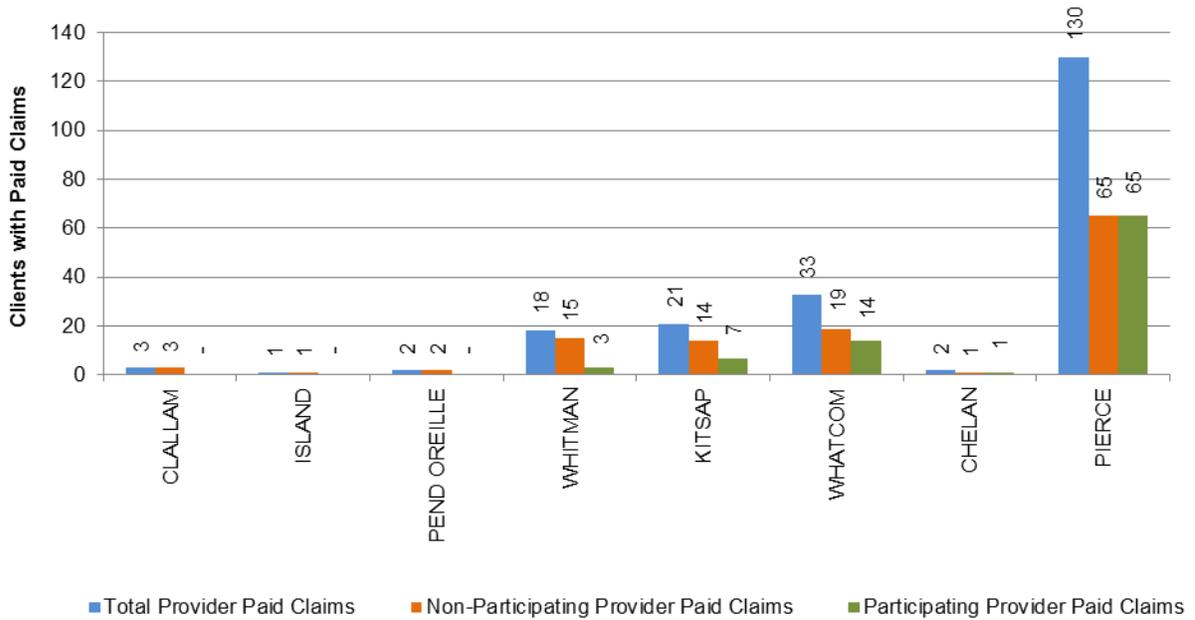
**Chart 22: Counties with More Than 50% of Claims Paid to Non-participating Providers
CHPW – FIMC**



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**Chart 23: Counties with 50% or More Clients with Paid Claims to Non-participating Providers
CHPW – FIMC**



Molina Healthcare of Washington

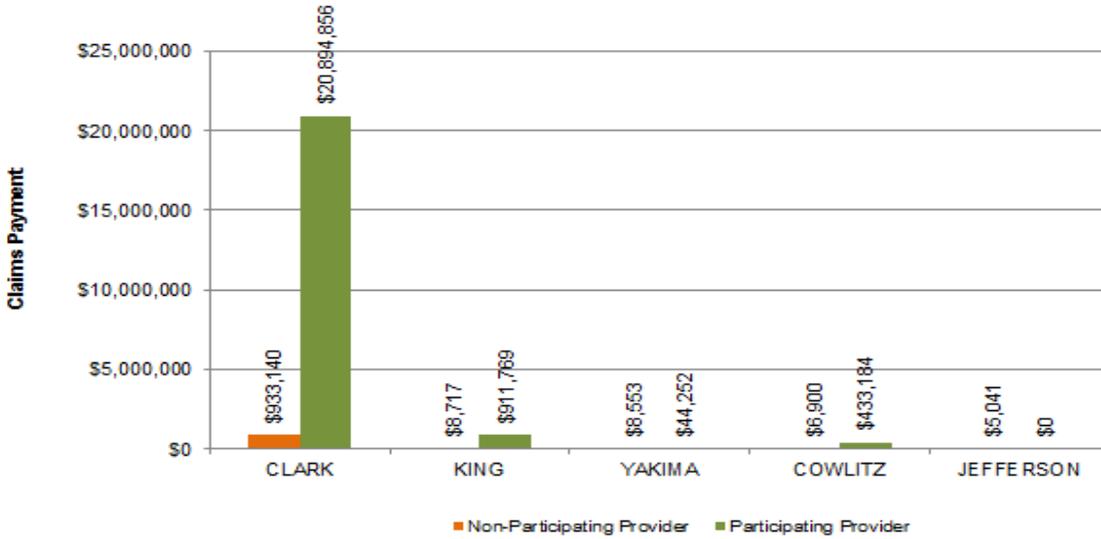
Thus far, MHC has paid claims for services provided to a total of 41,201 enrolled clients. 3,566 clients (9% of the total) received services from non-participating providers.

A total of 2,822 providers were paid for services provided to a client enrolled with MHC. 273 providers (10% of the total) were non-participating providers.

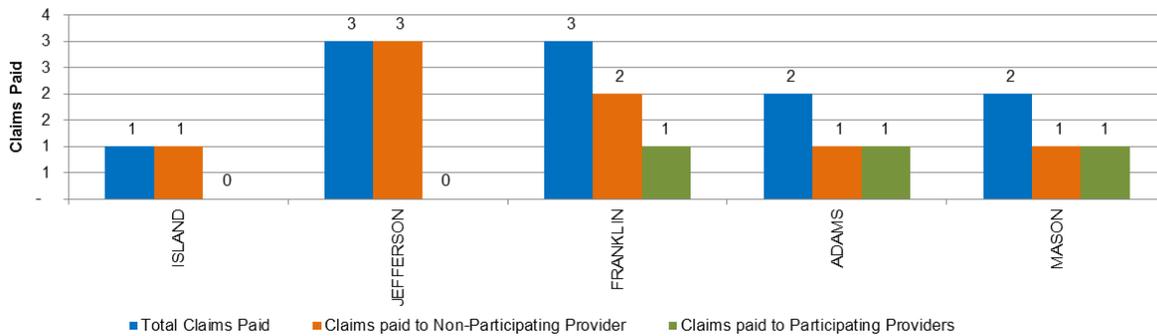
MHC paid approximately \$24 million for services to enrolled clients. \$1 million (4% of the total) was paid to non-participating providers.



**Chart 24: Non-participating Provider Payments
Molina – FIMC Top 5 Counties**



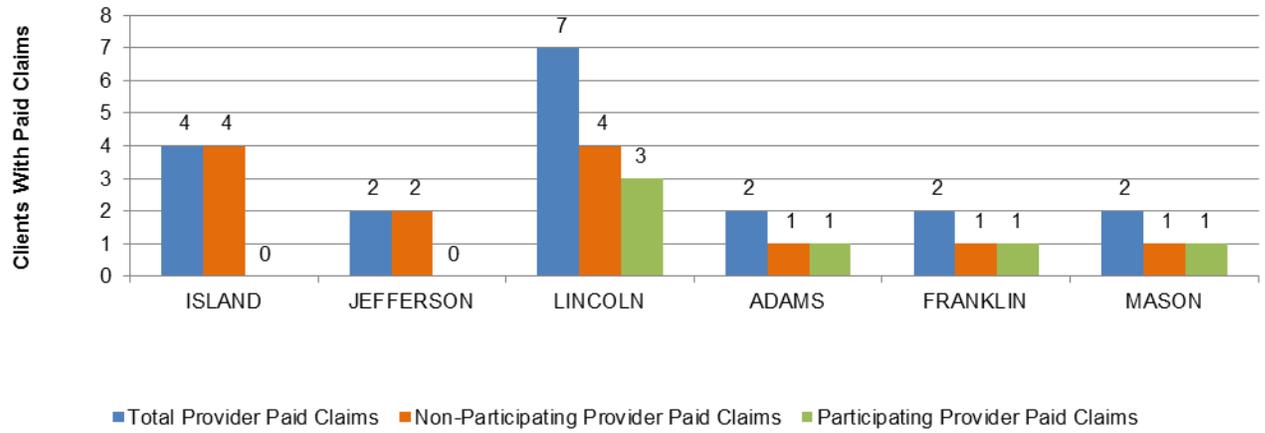
**Chart 25: Counties with More Than 50% of Claims Paid to Non-participating Providers
Molina – FIMC**



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**Chart 26: Counties with 50% or More Clients with Paid Claims to Non-participating Providers
Molina – FIMC**



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Conclusion and Next Steps

Ensuring Apple Health clients have access to an extensive provider network is crucial to quality healthcare outcomes. This analysis shows an overall increase in non-participating provider payments with:

- the greatest percentages of these total payments being made in the rural areas of the state; and
- the most total dollars being paid in the larger counties,—King, Pierce, Spokane and Snohomish.

25% of all claims paid were to non-participating providers. 27% of all clients receiving health care services sought care from a non-participating provider. This represents about a 1% overall increase compared to the previous year.

There is no National standard or published best practice to benchmark these results against. Non-participating providers do not have a contractual fee schedule. Plans reimburse nonparticipating providers at the lowest contacted rate of a comparable participating provider. Regardless, the goal should always be to keep it as low as possible. When a provider is not contracted with the plan and there is no “participating” relationship, care can be adversely impacted and the benefits of receiving care in a managed care can be compromised. For example, the provider may provide services outside of the plans treatment guidelines, may choose not to engage with a case manager, participate in any care improvement initiatives sponsored by the plan or support value-based purchasing initiatives.

The agency will continue to monitor the trends in these expenditures, but will also begin to work with the managed care plans to develop and implement strategies to reduce the occurrence of payments made to non-participating providers, including a more aggressive approach to contracting.

For future non-participating provider reports, the agency will require managed care plans to include provider type in the non-participating provider data submission. The inclusion of provider type is a critical piece of information that will better identify potential access concerns and allow the agency to integrate this new information into the network adequacy determinations process. A new network adequacy determinations process is currently being developed as a result of a new Centers for Medicare & Medicaid Services (CMS) managed care Federal regulation released on May 6, 2016. In accordance with the new regulations, the new process will be implemented by July 2018.

